GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:399
ANSWERED ON:19.02.2009
ADMINISTERED PRICES OF PETROLEUM PRODUCTS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of movement of crude oil prices in the international market and corresponding domestic administered prices of petroleum products charged from consumers over the last two years;

(b) the amount of subsidies paid on petroleum products each year during the last three years;

(c) whether the Government proposes to de-control the administered prices of petroleum products and encourage private sector to enter the retails business of these products at market driven prices; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS(SHRI DINSHA PATEL)

(a) : The details of the movement of price of Indian basket of crude oil since January 2007 and corresponding changes in the retail selling prices of sensitive petroleum products (at Delhi) over the last two years is given in the Annexure.

(b) : The Government is giving subsidy on PDS Kerosene and Domestic LPG from the fiscal budget under the 'PDS Kerosene and Domestic LPG Subsidy Scheme 2002'.The Government has given the fiscal subsidy of Rs.2640.60 crore in 2007-08, Rs.2523.75 crore in 2006-07 and Rs.2662.00 crore in 2005-06 to the Public Sector Oil Marketing Companies (OMCs).

In addition to the fiscal subsidy, Government has issued Oil Bonds amounting to Rs.35,290 crore for 2007-08, Rs.24,121 crore for 2006-07 and Rs.11,500 crore for 2005-06 to the OMCs to partly compensate the under-recoveries incurred by them on the sale of sensitive petroleum products namely, Petrol, Diesel, PDS Kerosene and Domestic LPG.

(c)&(d): While abolishing the Administered Pricing Mechanism (APM) effective 1st April 2002, the Government had decided that pricing of all petroleum products, except PDS Kerosene and Domestic LPG, would be determined by market factors. In order to provide Kerosene and LPG at affordable prices, the Government formulated subsidy schemes which are in operation since April 2002. Currently, Government is modulating the retail selling prices of the four sensitive petroleum products; namely Petrol, Diesel, Domestic LPG and PDS Kerosene to protect the consumer and the economy from the volatility and uncertainty of the international oil prices.